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PRESENTATION

Simon Flannery - *Morgan Stanley, Research Division - MD*

Good morning and good afternoon. I'm Simon Flannery, and it's my great pleasure to welcome you to the Virtual Morgan Stanley European TMT Conference. I'm sorry we can't all be in Barcelona this year, but I am delighted to welcome Ronan Dunne, the EVP and CEO of Verizon's consumer group. Welcome, Ronan.

Before we get started, just a couple of things. For important disclosures, please see the Morgan Stanley research disclosure website at www.morganstanley.com/researchdisclosures. And also we will -- if we have time for questions, we will try to take your questions. (Operator Instructions)

So with that, I think -- Ronan, welcome, and I think you have some disclosures as well.

Ronan Dunne - *Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer*

Thank you. And good morning and good afternoon, everybody. I just want to draw people's attention to the safe harbor statement, which relates to any forward-looking statements that we may make during the course of the conversation.

Thank you, Simon.

QUESTIONS AND ANSWERS

Simon Flannery - *Morgan Stanley, Research Division - MD*

Great. Well, great to have you here. A lot going on. You had an interesting event last week. Let's perhaps start with the big picture. Can you talk about what your key priorities are as CEO of the consumer group?

Ronan Dunne - *Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer*

Thank you. And very much, I think, for all of us across the business units in Verizon, it's really around scaling. I think we've been pretty consistent in the articulation of our strategy over the last 6, 8 quarters, very focused on the execution.

And so I see 2021 priorities really are scaling. So it's scaling 5G adoption where we see some very positive trends. I'm sure we'll get into that. Scaling our network monetization really around the principle of network as a service, distribution as a service, billing and customer services as platforms that we can enable.

I think we see 2021, we see strong opportunities in the space of B2B that will drive, in due course, B2B2C with the adoption of new capabilities in 5G. But also really for the consumer businesses, the partnering strategy that we've articulated and executed against, which has brought us things

like Disney+ and our relationship with Apple Music, predicated around this idea of Mix and Match is really a platform that in and of itself is a scalable platform to continue to engage customers and actually to increase share of engagement.

And then our segment focus, we've announced our intentions to acquire, subject to regulatory approval, TracFone. And we continue to focus on how we can broaden out the scale benefits of the network, so whether that be Visible or Yahoo Mobile or in due course TracFone.

So that really shapes out the model, which is leverage the core capabilities of the organization and use smart intelligence and capabilities to then allow us to address a broader range of opportunities in the marketplace, whether they be new sectors or new products like increasing our exposure to residential. So that really is the framing of the opportunity and it's execution because the strategy is very much as we would have articulated this time last year.

Simon Flannery - *Morgan Stanley, Research Division - MD*

Great. And a lot of things to dig into there. And you're talking about execution. It's been a crazy year. Perhaps just talk about what COVID has done to your operations and how you see things changing going forward.

Ronan Dunne - *Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer*

So if I look internally, first of all, when COVID hit, the first reaction was we need to ensure the health and well-being of our employees and also protect the viability of the network, which is going to be essential to our customers, whether they be consumer or business, as they adapt to the reality of the pandemic. So that was really the first phase.

The second phase was ensuring how does work get done. And so in that regard, we innovated around our model in customer service, in telesales, in retail. And what we did there, Simon, which is important is we pulled forward innovation that we had in the pipeline, because I think the long-term effect of COVID will be that it has accelerated trends that were already visible as opposed to a fundamental shift in people's behaviors.

If I then look outside, clearly what we saw is we saw a slowdown in activity particularly at the back end of the first quarter and into the second quarter, whether that be travel-related, whether that be overage-type impacts and the number of transactions in the market.

What we've seen is our adaption to the reality in the U.S. has allowed us to grow back our channels, whether that be an increased telesales presence or digital presence as well as touchless retail. So we've seen a progressive return to normalized transactional activity. But for things like roaming, clearly have not yet returned from a consumer point of view. We did make provisions at the end of the first quarter in relation to increased bad debt.

And we and other carriers adopted the Keep Americans Connected Pledge. And what that allowed us to do was keep as many people as possible connected while they worked through how they changed and adapted. And what we've seen is we've seen strong performance among those Keep Americans Connected customers where 90% of them are making -- have made at least one payment, and many of them are actually fully up to date. So we've managed to strike a balance between operational effectiveness and being seen to be there for our customers in a way that I think will allow us to continue to evolve inside the strategy I just articulated as we roll into 2021.

One important additional comment is we've actually seen our network, both performance and build, stay on track. And that's an important consideration. So the rollout of the nodes for small cells for ultra wideband, our opening out of 4G Home, complementing our 5G home, and the adoption of 5G nationwide in the fourth quarter. So all of those operational elements are all ahead or on track, which is of course extremely important.

Simon Flannery - Morgan Stanley, Research Division - MD

Right. Well, you touched on 5G a couple of times. You had a lot of sort of breaking news around the Apple iPhone event with Hans being one of the featured speakers online. You turned on your DSS-based nationwide 5G network.

So a lot of kind of thoughts around is, is this going to be a super cycle for the iPhone? I mean how are you seeing it? And how is the network resonating with your retail sales force and with your customers?

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

So just to maybe reprise for the benefit of people joining us today is we have a 2-layer approach on 5G. We have our 5G nationwide, which covers more than 200 million people, and that was launched around the time that the iPhone was launched.

We've also continued to build out our 5G Ultra Wideband built on the 28- and 39-gigahertz spectrum. And that's now approaching 60 cities in the U.S. and expanding out the actual coverage within each of those cities.

So what we've seen, and to the point about super cycle, is by the end of Q3 and into October before the iPhone launch, we were seeing probably somewhere between 40% and 45% of our Android phones that we were selling were 5G-capable devices. And all of the devices that we list are both 5G nationwide and 5G Ultra Wideband-capable.

So that just gives you an indicator that we're already seeing a high level of adoption. And some of that's, I said this time last year, that's driven by, I think, a couple of factors that might be slightly different from 4G and therefore relevant to the super cycle.

The first is that the price point for access to 5G, including 5G Ultra Wideband, which was more than \$1,000 this time last year, is now as low as \$400 for a full-featured 5G device. So the rate at which pricing has fallen for the latest technology is faster than in the 4G cycle. Now with the arrival of 5G in the iOS ecosystem, that's about -- 2/3 of my base are iOS-based devices, so that's clearly a significant step-up in the availability of 5G from my base. So we are seeing strong response to both our 5G nationwide and ultra wideband offering, but specifically also now to the arrival of 5G iPhone, and there's been a strong cycle.

But what's important for me is that I think the actual switcher pool in the fourth quarter is likely to be smaller than people predicted. And that in part is directly as a result of some of the retention activity that 1 or 2 carriers are doing. We continue to enjoy the best-in-class churn, but some others who maybe don't have a strong churn have been a bit more defensive from a base point of view. So I do think that the switcher pool will be smaller.

But for me, the upgrade cycle is also accretive because the model that I've created with Mix and Match and the tiering within -- from switching from metered to unlimited and then within unlimited, affords me the opportunity to actually see an ARPU increment when customers choose to upgrade.

So I'm -- not that I'm ambivalent to the exact shape, but I'm actually driving a superior ARPU to the extent that people are looking to step into the 5G, the best deals for upgrading are for those customers who step up in the -- into the premium tiers of 5G. So I'm very well-positioned to enjoy the benefit of both base upgrade as well as taking at least my fair share within the switcher market.

Simon Flannery - Morgan Stanley, Research Division - MD

And I think last week, you highlighted that you see that trend accelerating. I think you said what, 17% of your base is on premium unlimited right now, and you're seeing a significant increase in that, in the flow share on that.

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

Yes. So just over 60% of the base are on unlimited now. And within that, about 17%, as you say, are on one of the higher tiered plans.

But if I then go to the new business that I'm writing whether it be upgrade or whether it be new accounts, I'm seeing 88% of the people who are joining Verizon, the new account creation are going straight to an unlimited plan. And 58% of the new unlimited accounts are choosing a premium plan. So what that indicates is there's significantly more momentum for growth within the base.

And I think therefore when you characterize the growth opportunities for Verizon, sometimes I think people underestimate the ARPU growth potential within the core base, before you then get into the opportunities associated with incremental TAM like 5G home or 4G home and our incremental sector opportunities like our access to the value segment post the close of the TracFone transaction.

Simon Flannery - Morgan Stanley, Research Division - MD

Right. And on the upper tiers, you have these partnerships with Disney and Apple Music as you mentioned. Maybe you could just talk about the economics of that? And do you have some of the Disney offers that are churning off? Just how we should think about that.

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

Yes. So really, the model is predicated on this idea that Verizon has, in its consumer business, the largest direct-to-consumer distribution platform in the U.S. for paid-for digital products and services. And that's because of essentially more than 90 million consumers on our base. So we see ourselves as a very strong ally to those who are looking at D2C strategies, Disney being the prime example, because traditionally many of these businesses have had either a wholesale or a B2B distribution model. So we're really using that platform effect of our strong distribution capabilities to partner effectively.

The quid pro quo for that is that I'm also able to use my purchasing power to drive 2 economic benefits. One is by leveraging the whole of my 90-plus million consumer customers. I'm actually a more efficient purchaser of content today than I've ever been. And I have a wireline business in the northeast, which has just over 6 million Fios households where I used to be a subscale content purchaser of linear content. Now by leveraging my 90 million base, I'm actually a more efficient purchaser of content and I have more flexibility on that.

But then I can also give the benefit of that to my wireless customers, which means that my economies of scale mean I'm not paying retail. I'm not getting it for free, but I'm getting very good wholesale rate. And so I can invest \$1 in the customer, and it costs me significantly less than \$1. So when you think about stickiness and working with best-in-class brands that customers truly value, when you think about my cost of acquisition and cost of retention, instead of spending \$1 on a device and the perceived value of that being just \$1 from the customer's point of view, I can spend maybe \$0.60 or \$0.70 and get a dollar's value in the customer model.

So as we look specifically, what we've done is we've given 1-year Disney to customers, and now that's starting to roll off.

And customers really have 2 choices. They can subscribe for the Disney service with us, in which case, I make an affiliate commission for being the reseller of that, and that's economically attractive to me; or even better, I can offer the customer the chance to step up, get enhanced benefits in the tiering in the premium layer, and by the way, get Disney for free now including Disney+, ESPN+, Hulu, so an even bigger package available to customers on the top tiers.

So that model allows us to enjoy the economics of being a distributor in the classic affinity model, but also enjoy the benefits of adding value to the customer at a higher rate of perceived value than actual cost to execute, which improves stickiness and value-for-money perception. Which really sits in the middle of this thing that I think for the last couple of years has been a question is can we enjoy a premium relative to others.

Well, the answer is our premium is based on value being quality, choice and experience. And so we've redefined the value equation in a way that customers find very attractive. And that's why 88% are coming into the premium -- sorry, are coming into the unlimited plans and 58% going straight into the premium plans.

Simon Flannery - Morgan Stanley, Research Division - MD

And I think you were saying before, you've got significant improvements in your Net Promoter Scores recently as well to get to that whole experience.

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

Yes. So when we changed the wireless/wireline break to consumer and business, the first thing that I did is I put a chief customer officer on my team. And for those who are familiar, my background was we drove in my previous carrier, we drove the best NPS scores in the U.K. for like 10 years unbroken and had a huge benefit of that for the brand.

So I've been driving this relentless focus on building the capabilities to deliver high-quality, low-touch replicable experiences for customers so that I can actually serve them better at a flat or reducing cost to serve. And that has resulted in a significant improvement, 9 points over the last 7 quarters of NPS improvement.

My Fios business already leads the market. And my wireless part of the business is now close to best in class in the U.S., but still more to go. And that's built on the capabilities that we have been investing in, which aren't always visible maybe to the investors.

People think of our network investment, but I've replatformed from an IT point of view and created a North Star architecture that allows me to drive systems of engagement and systems of insight that mean that my omnichannel strategy is informed at every single touch point by a better-quality understanding of the customer and the opportunity, and that's what's allowing me to execute better acquisition offers and retention offers, which are better targeted to the customer, more efficient to deliver and ultimately lower unit cost.

Simon Flannery - Morgan Stanley, Research Division - MD

Great. And I think you've, obviously from your experience in Europe, seen competitive markets up close and personal. There is a concern that this environment is becoming more competitive despite the four-to-three merger, but with the cable companies coming in with DISH, with some of the retention offers that you mentioned. So how would you characterize the current competitive environment versus prior iPhone cycles?

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

So I think the nature of competition in the U.S. market has evolved. It's a bit more sophisticated maybe than it was a few years ago.

My first quarter responsible as the President of Verizon Wireless was the fourth quarter of 2016. And the sophistication rose to the level of if I give a free iPhone, then you give a free iPhone. There was nothing to it.

Whereas now what we have is much clearer differentiation. Our Mix and Match platform is allowing us to forensically share with customers the benefit of more of what you want, less of what you don't, real choice, whether that be the content you take, the network access you take, the value benefits within the loyalty programs that you take, much more flexibility.

So what I think we're seeing is yes it's competitive, but I think it's more efficient. And certainly for me, I have better CRM and value-based marketing capabilities and tools than I had 4 years ago. So my ability to adjust in the market is greater, but also my flexibility so I don't just simply have to copy.

And that's been evidenced by the fact that other carriers have had different retention offers, but I'm very comfortable with my churn metrics at the moment. And it hasn't required me to change my behaviors in order to do that because I have a better understanding of the customer.

The other thing I would say to you is specifically in relation to cable is that as Verizon builds out its capabilities in both 4G Home and 5G Home, then we have a like-for-like bundle offer that if a customer is specifically looking for a quad play or a triple play, then we're better positioned to compete against that. And I would say respectfully that whether it be my Fios solution or my 5G Ultra Wideband solution, both of them are better residential broadband answers than cable is. So I think I have the technical tools to compete, and I have the insights and CRM capabilities to do that efficiently. So I'm comfortable that we have what we need to be both competitive and economically effective in the current market.

Simon Flannery - *Morgan Stanley, Research Division - MD*

Great. Well, let's pivot to the 5G network build and the performance. I think you've taken a somewhat different approach than your peers leading with ultra wideband with millimeter wave. And there's a lot of questions around the coverage. The performance seems to be great, but in the limited area.

So we got into it a little bit last week, but help us talk about what the ultimate vision is for how much ultra wideband covers and how that plays into 5G Home, and then what role DSS plays and the performance there.

Ronan Dunne - *Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer*

So look, the first thing I would say is that any conversation about 5G in the networks has an element of talking about spectrum. We're in a close period at the moment, so there are certain aspects that I won't address.

But if I just talk about the assets that we have and the strategy that we're taking is it's important to understand that 5G Ultra Wideband is a capacity and experience layer. It's not per se a coverage layer. So where we're choosing to deploy it is in the areas with the highest level of traffic.

And what people sometimes miss is, and this is something that we made sure that we talked about last week when we had the sell-side session is, as Kyle, our CTO, deploys 5G Ultra Wideband in those dense urban areas that have the highest traffic, it does 2 things.

It massively expands capacity availability at a really low unit cost from a network bit point of view, but it also improves the availability of the 4G LTE layer because it's actually relieving some of the capacity demand there.

So it's not just those on the ultra wideband who are getting a benefit, but actually our 4G customers are getting a benefit. And that complements the 5G nationwide offering, such that as we've deployed DSS, we're able to do carrier aggregation in there. Certain bands maybe lower down can't do that, so we have a high efficiency there.

And what we did was not all of our existing spectrum holdings have been deployed for LTE. So what we did is, in the run-up to DSS, we expanded out with carriers, et cetera, to build incremental capacity, so that the kind of signaling layer that's necessary for efficiently managing DSS was not taken out of the capacity available to customers.

So what we've seen in the performance is actually a slight improvement overall in network performance since we've deployed DSS and giving really good performance metrics at the same time as we continue to build out the ultra wideband.

So when I pull those pieces together, a proportion of what we've been doing for ultra wideband so far has been in areas with little or no residential in it because they're dense urban city, the corporate spaces and other things.

And so sometimes when people challenge me and say, "Well, what about the 5G Home?" The point is I'm building a mobility layer which is the capacity and experience. And then I'm using that strategy to then pick up either 5G Home or 5G office in our Verizon Business Group opportunities that come up the side of that.

What I'm not building is a residential broadband network. So there's a phasing effect that the early coverage where the most dense traffic is, may not be highly residential.

As we then fan that out, and Chicago is a good example where we've actually tripled the footprint of coverage, then you start to increase what's available for residential and for small and medium business. So that will be the continued strategy.

Our CBRS assets that we acquired recently have also been rapidly deployed, and that's also allowed us to have more capacity in the 4G LTE layer. And in due course, those CBRS assets will be available to us in 5G, just not today.

So that's really the strategy, Simon. Everybody's experience gets better because of the way we play the ultra wideband layer, the nationwide layer and our best-in-class 4G LTE layer. And not everybody has those tools.

Simon Flannery - Morgan Stanley, Research Division - MD

Just to be clear, you still see fixed wireless 5G Home, 4G broadband as being an important growth opportunity for the company?

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

Absolutely. And very much the work that we've been doing around the brand positioning and the proposition has meant that we're already seeing the benefit of that enhanced focus in the Fios performance because I see home as an opportunity.

And to the largest extent possible, I want to be bearer-agnostic. So I want to give customers choice, which says I can give you the best possible residential solution whether that happens to be a fiber solution or a wireless solution. I'll bring you the best that I can based on my network topography and capabilities.

And then what I'll bring you is the best of Verizon, so Mix and Match across wireless and wireline, the benefit of those who are mobile and home customers getting higher discounts.

So simply put, if you were taking 5G Home, it's \$70 if you're not a Verizon customer. And about 50% of those who join us aren't Verizon customers. It's \$50 if you are a Verizon customer. So what tends to happen is that attract new customers as a residential, and then they very quickly see the benefit of taking more of their services from Verizon. So that also gives me an acquisition tool for wireless as well as an acquisition tool for residential. So I still see residential as a very significant part.

I also see the opportunity for us to build above the pure connectivity layer. We have very strong total mobile protection for our wireless customers is -- an important product, our data storage products in cloud and other things. We see the opportunity to sell more of those products and services into the home environment, both through the combination of a stronger wireless offering, but also to the 5G home product.

Simon Flannery - Morgan Stanley, Research Division - MD

Great. So another area you see as a growth opportunity is prepaid, and you just announced the TracFone deal. So perhaps talk about what's driven the change in philosophy there as opposed to using third parties maybe to attack that segment versus being much more kind of ownership-focused and what the plans for TracFone are once you buy it.

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

Yes. So it's a great question. It's fair to say that prepaid has been a relatively small focus area for Verizon up to now. And really, a little bit of context, the U.K. market, when I first operated in it, was more than 70% prepay. And by the time I left it, it was about 30% prepay on the pre- to post migration happened there.

What I've seen inside Verizon is that the tools that we've been able to build, not just our network tools but our distribution tools and our billing and service tools and the analytics layer that we have on top of it, allowed us to be much more efficient in both our distribution and in our base management. And what's really important in prepay is you can't bring a premium cost base and bring it to the value segment. You need to have a highly efficient execution structure.

And I would say that today, we have best-in-class capabilities from a CRM and value-based marketing point of view. And so I now am absolutely certain that I have the tools to be a direct participant in the value segment and to do it in a highly cost-efficient way.

I also have capability that I'm much more comfortable if I'm going direct to bring, so things like bringing 4G Home, bringing other products and services into that value segment. So we see the fact that we're now in a position where we have the tools we need, the capabilities we need.

And in TracFone, we have a partner who we know and understand. It's a business we've been working with for more than 15 years, strong management team, strong brand portfolio. And so we see that as a great opportunity for us to build out Tracfone's capabilities and its brand portfolio, so that it can expand the opportunity in the value segment.

Just for context, about 13 million of their 21 million, 22 million customers ride on the Verizon network today, but there's 8 million or 9 million that ride on competitor networks. And we have the opportunity to migrate those across to be on to Verizon, so enhance the owner's economics and with the tools, as I say, the CRM and base management and distribution tools, which we believe will allow us to be highly cost-effective in that segment.

Simon Flannery - Morgan Stanley, Research Division - MD

Great. And another area where you -- some of your European experiences in the wholesale segment and with the MVNOs, and it sounds like you've done some updated deals there. Perhaps you could just elaborate on that.

And I think also the concern in some parts, and again we saw it in Europe, that the cable company start as MVNOs, acquire spectrum, and then build out in hotspots so that they ultimately become more of a hybrid and you don't get the full benefit of the growth. In fact, you might, in a sense, be enabling a competitor.

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

Yes. So I think the first thing to say is if you look at where my core brand proposition is, the overlap with the MSOs exists, but it's only a portion of where my Verizon-branded business is targeted. Similarly, if I think about the approach that I will take with TracFone in the value segment is, it has some overlap with the MSOs, but a lot of it doesn't.

So if you were just doing a segmentation map, while there is some overlap, there's actually quite a discrete piece of the addressable market that I believe sits outside the core Verizon position and the core TracFone portfolio proposition. So in that regard, the cannibalized -- the inherent cannibalization is lower than might be perceived, first thing to say.

Second thing I would say to you is that the transaction with the MSOs was predicated initially on a spectrum swap and an opportunity for us to take spectrum. What I've chosen to do is to take that reality and turn it into a strategic relationship and build out that relationship with the 2 organizations in a way that I am their partner of choice, because there's no question they're going to be in the market, Simon. So the simple math of if they're in the market, you want them to be on your network or on somebody else's network is really simple math.

So I've just taken a very pragmatic and strategic approach. Within that, what I've also done is recognize that as I have a best-in-class network capability. That's one of the value equations that I can offer to the MSOs. Because it's not simply about price of access, it's about quality of experience. So what I'm trying to make sure I do is be a great wholesale partner while at the same time ensuring that I have all the tools I need to be an effective competitor.

And when people think about the economics of wholesale versus retail, sometimes they miss the fact that yes, the wholesale ARPU will be lower than a retail ARPU, but the cost of acquisition and the cost of retention sits with the MSO. It doesn't sit with me. So actually the blended economics may not be as discrete as people perceive. So I see it as natural part of us as a network looking at all segment opportunities that are out there and being highly efficient in our go-to-market strategy. And so I think it complements our growth strategy and our segment focus exceptionally well.

Simon Flannery - Morgan Stanley, Research Division - MD

Great. A question on 5G use cases. It seems like there's a lot going on with Tami and the B2B side of things, and you mentioned B2B2C. We've got a lot of speed obviously with these -- with your new networks. There's talk of AR/VR. What are the things that you're most excited about in terms of consumer use cases for 5G?

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

So look, I think it is an important point that the Verizon Business Group in some respects is in the vanguard of some of this. Because I think the enabling layer of edge computing is a critical component in the delivery of the best-in-class 5G use cases. So 5G edge compute in and of itself is a business proposition for VBG, but what that does is it enables a lot of businesses to think about how they can optimize their end-user experience and opportunity using 5G.

Gaming is a great example. We may well be working directly as a B2B partner with the gaming companies, but what they're looking to do is enhance the product by use of edge compute. If I think about others in the marketplace where they're in the experiences, they're thinking about how does AR augment end user experiences.

And that can be in 2 places. It's no surprise that we've gone to areas like Stadia, big transport hubs and other places, airports, rail stations, et cetera. Because those areas are dense activity at discrete times, so network capability is important. But the opportunity to use those to enhance the live experience is significant, but the capability that you build in the venue also affords you the opportunity to transport some of that deeper immersive experience and enable it to a much wider audience. Think about the idea of as a B2B partner with the NFL creating experiences that mean that the virtual season ticket is as big an opportunity as the physical season ticket. So I would say to you the deployment specifically around gaming, around AR components will start to enhance consumer use cases quite significantly.

The other thing that's important to think about, and we talk to developers all the time about this, is sometimes the least recognized capability of 5G is uplink capability. So the ability to aggregate carriers on the uplink or the ability for us in the case of millimeter wave to use the huge swath of spectrum we have in a different distribution of downlink and uplink, we're already seeing on the 5G nationwide network between 50 and 75 meg uplink speeds, but within 18 months, maybe earlier, we will be seeing 200 to 250 meg uplink speeds because of carrier aggregation and deployment.

In those circumstances, the use cases that require uplink for live streaming, for social, for a whole lot of experiential, things like that, the balance of the uplink and the downlink will be really significant for the innovation that we see. And that's not necessarily available for those who are building their 5G in a different way.

Simon Flannery - Morgan Stanley, Research Division - MD

Okay. That's interesting.

On the video side of things, you've got a lot of different video products with 5G Home with -- you've got a new streaming product that you announced yesterday, and you've got the traditional bundles with Fios. And you've sort of gone away from the bundling approach or bringing Mix and Match more to your wireline residential.

So how do you see the future of linear video and the various streaming options? T-Mobile had their announcement last week. AT&T has obviously got a different approach. What's Verizon's take on it?

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

So the first thing to say is, and I reference back to a comment I made earlier, as Verizon Fios, we were subscale purchaser of linear content. And we were spending \$60 to put together a \$60 linear content bundle, so empty calories.

As a 100 million consumer buyer, guess what? I get better terms. So we're leaning into cord-shaving and cord-cutting unequivocally. And we're trying to create more choice for our customers, whether they be traditional Fios customers or whether they be wireless customers that we have flexibility.

The other thing that we bring to the table is this massive distribution platform I referred to earlier. And we're also Switzerland. I don't have content that another division of my business is creating, which may or may not be very good, which I'm trying to barter with Disney or other people. I can go out and pick best-in-class partners and act as a distribution agent for them in a way that they see the value in the relationship with me and the scale of it, and that creates more choice from my consumers.

So that opportunity for us to be an aggregator and a distributor that creates real flexibility that leans into cord-shaving, cord-cutting makes my Fios business more economic. So what I'm actually seeing is while my revenues might be flat to declining because people reduce their linear video, my contribution is going up significantly in my Fios business. And those same economics will allow me to be a distributor of content across my wireless platform whether pure wireless customers or 5G Home customers in a way that's accretive rather than me being a subscale linear just paying money to have a product that makes me no margin.

So that's exactly the approach that we're taking. And that's resonating, I can tell you, with the owners of content. They like negotiating with Switzerland.

Simon Flannery - Morgan Stanley, Research Division - MD

Great. Well, that makes a lot of sense.

Maybe just to wrap up and pick up on that last point on margins. Verizon has this multiyear cost-cutting program. You've got the COVID opportunities you talked about earlier. At the same time, you've highlighted wireless service revenue's growing 3 -- 2%, accelerating through the end of the year and to next year.

How do you balance that top line versus margin taking share versus supporting profitable growth at consumer? And what other opportunities do you see to improve margins through costs?

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

So my primary business is a subscription business. And that's an important context because that premise allows me to think about these platforms I referenced earlier.

People who are currently selling their product wholesale and don't have a direct to consumer, I can offer them billing. I can offer them service as well as access to 100 million consumers. So what I want to do is I want to use the scale that exists within the business and amplify that scale through my layer of IT and analytics and to be able to be a very forensic, segmented distributor, highly efficient.

If I do that, more of my growth relative to my peers can come from my base, because I think I have a better quality base to start with. I have lower churn, but I also have the opportunity to expand share of wallet, share of engagement with that base. So that's an efficient kind of base building block of the growth equation.

On top of that, I can expand the addressable market in 3 ways: Either new products to those customers that I don't sell today and over and above the example that I used of the subscriptions, and that can be my home, the residential opportunity as it grows out; and then access sectors that I'm not in today like the value segment; and then on top of that is the opportunity of growth coming from new products and services that will come with really the leverage of the 5G capabilities, so that my partnership model, which, today, is kind of music and content, can then layer into maybe some other higher value. Maybe initially it's in gaming, but think about it in the home environment, things like telehealth and telemedicine, the management of long-term conditions. And that's where the relationship between the B2B business and the B2C business is very, very strong.

Because Tami will be writing business with many of those companies as a B2B partner, enabling their capability to then serve end users. And then we, as the consumer business, can be a partner to distribute those, and so we see those vectors as being how we have a superior growth capability relative to those who are almost entirely dependent on the acquisition model for growth.

And so that's why when we talk about GDP+, a big piece of that is actually the base we already have and the monetization of that base, with Mix and Match the platform strategy and the real investment in IT capability that allows us to be very, very efficient in our CRM and base management.

And then on top of that, to build out a relatively small group of select partnerships across a range of kind of media and entertainment, yes, but then other services where we can be a real value-add of our high-quality connectivity is a baseline need.

And that's the context in which both the complementarity of the B2B business, which is driving a lot of these new 5G use cases, partnering them with B2C and the growth within the B2C existing base through these marquee partnerships like Apple, like Disney, et cetera, that's really the foundation of our growth.

Yes. We will go and take our fair share in new accounts in the marketplace. Don't misunderstand. But I'm not as dependent on that as my only vector of growth in maybe in comparison to some others in the segment.

Simon Flannery - Morgan Stanley, Research Division - MD

Great. Well, we really appreciate your perspective, Ronan. Thank you. And thanks, everybody, for your time today, and good luck with the rest of the conference.

Ronan Dunne - Verizon Communications Inc. - EVP & Group CEO -- Verizon Consumer

Thank you.

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